

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6570**

**BILL NUMBER:** HB 1235

**NOTE PREPARED:** Jan 6, 2011

**BILL AMENDED:**

**SUBJECT:** Climate expenditure accountability.

**FIRST AUTHOR:** Rep. Wolkins

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☐ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that if a contract to which a state agency is a party includes a climate expenditure, the contract must set forth (A) the total cost of the climate expenditure; (B) the amount, in metric tons, of the reduction in carbon dioxide equivalent intended to be achieved through the climate expenditure; and (C) the cost per metric ton of the reduction in carbon dioxide equivalent intended to be achieved through the climate expenditure. The contract must include a provision requiring the contractor, if not in compliance with performance standards for the cost per metric ton of the reduction in carbon dioxide equivalent intended to be achieved through the climate expenditure, to (A) provide certified carbon offsets equal to the difference between the intended carbon dioxide equivalent reduction set forth in the contract and the actual carbon dioxide equivalent reduction achieved; or (B) refund a portion of the funds the contractor received under the contract so that the cost per metric ton of the actual carbon dioxide equivalent reduction achieved equals the cost per metric ton of the reduction in carbon dioxide equivalent intended to be achieved through the climate expenditure, as set forth in the contract.

The bill requires the Office of Management and Budget (OMB) to audit these contracts to ensure that contractors meet performance standards for the cost per metric ton of the reduction in carbon dioxide equivalent intended to be achieved through the expenditure of state funds. The bill requires a state agency that is a party to a climate expenditure contract to provide semiannual reports to the OMB and the General Assembly outlining the contractor's performance under the contract.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** The impact of the bill is indeterminable and will depend on the number and nature of contracts entered into by state agencies that involve climate expenditures.

The OMB will experience an increase in administrative expenses associated with auditing contracts. The number of contracts that will require auditing is unknown.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:**

**Information Sources:**

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